

111TH CONGRESS
2D SESSION

H. R. 4565

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit for increasing employment.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2010

Mr. OWENS (for himself, Mr. TEAGUE, Mr. ARCURI, and Mr. MINNICK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow employers a refundable credit for increasing employment.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Jobs Tax Credit
5 Act of 2010”.

6 **SEC. 2. REFUNDABLE CREDIT FOR INCREASING EMPLOY-**
7 **MENT.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-
 2 ing after section 36A the following new section:

3 **“SEC. 36B. CREDIT FOR INCREASING EMPLOYMENT.**

4 “(a) IN GENERAL.—In the case of an eligible em-
 5 ployer, there shall be allowed as a credit against the tax
 6 imposed by this subtitle—

7 “(1) for any taxable year beginning in 2010, an
 8 amount equal to 15 percent of the excess (if any)
 9 of—

10 “(A) the aggregate wages paid during
 11 2010, over

12 “(B) the inflation-adjusted wages paid dur-
 13 ing 2009, and

14 “(2) for any taxable year beginning in 2011, an
 15 amount equal to 10 percent of the excess (if any)
 16 of—

17 “(A) the aggregate wages paid during
 18 2011, over

19 “(B) the inflation-adjusted wages paid dur-
 20 ing 2010.

21 “(b) ELIGIBLE EMPLOYER.—For purposes of this
 22 section, the term ‘eligible employer’ means any employer
 23 which conducts an active trade or business in an area
 24 other than—

1 “(1) a city or town with a population of more
2 than 50,000 inhabitants (based on the most recent
3 available census data), or

4 “(2) any urbanized area contiguous and adja-
5 cent to such a city or town.

6 “(c) QUARTERLY ADVANCE PAYMENTS OF CRED-
7 IT.—

8 “(1) IN GENERAL.—The Secretary shall pay
9 (without interest) to each employer for each calendar
10 quarter an amount equal to the credit percentage of
11 the excess (if any) of—

12 “(A) the aggregate wages paid by the em-
13 ployer during such quarter, over

14 “(B) the inflation-adjusted wages paid by
15 the employer during the comparable quarter of
16 the preceding calendar year.

17 “(2) CREDIT PERCENTAGE.—For purposes of
18 paragraph (1), the credit percentage is—

19 “(A) 15 percent in the case of the calendar
20 quarters of 2010, and

21 “(B) 10 percent in the case of the calendar
22 quarters of 2011.

23 “(3) RECONCILIATION.—

24 “(A) IN GENERAL.—If there is a payment
25 under paragraph (1) for 1 or more calendar

1 quarters ending with or within a taxable year,
2 then the tax imposed by this chapter for such
3 taxable year shall be increased by the aggregate
4 amount of such payments.

5 “(B) RECONCILIATION.—Any increase in
6 tax under subparagraph (A) shall not be treat-
7 ed as tax imposed by this chapter for purposes
8 of determining the amount of any credit (other
9 than the credit under subsection (a)) allowable
10 under this part.

11 “(4) TIME FOR FILING CLAIM.—No claim shall
12 be allowed under this subsection with respect to any
13 calendar quarter unless filed on or before the earlier
14 of—

15 “(A) the last day of the succeeding quar-
16 ter, or

17 “(B) the time prescribed by law for filing
18 the return of tax imposed by this chapter for
19 the taxable year in which or with which such
20 quarter ends.

21 “(5) INTEREST.—Notwithstanding paragraph
22 (1), if the Secretary has not paid pursuant to a
23 claim filed under this subsection within 45 days of
24 the date of the filing of such claim (20 days in the
25 case of an electronic claim), the claim shall be paid

1 with interest from such date determined by using
 2 the overpayment rate and method under section
 3 6621.

4 “(d) TOTAL WAGES MUST INCREASE.—The amount
 5 of credit allowed under this section for any taxable year
 6 shall not exceed the amount which would be so allowed
 7 for such year if—

8 “(1) the aggregate amounts taken into account
 9 as wages were determined without any dollar limita-
 10 tion, and

11 “(2) 103 percent of the amount of wages other-
 12 wise required to be taken into account under sub-
 13 section (a)(1)(B) or subsection (a)(2)(B), as the
 14 case may be, were taken into account.

15 “(e) INFLATION-ADJUSTED WAGES; WAGES.—For
 16 purposes of this section—

17 “(1) INFLATION-ADJUSTED WAGES.—

18 “(A) IN GENERAL.—The term ‘inflation-
 19 adjusted wages’ means, for any period—

20 “(i) the aggregate wages paid by the
 21 employer during such period, increased by

22 “(ii) an amount equal to the inflation
 23 percentage of such wages.

24 “(B) INFLATION PERCENTAGE.—The infla-
 25 tion percentage is—

1 “(i) 3 percent for purposes of deter-
2 mining inflation-adjusted wages for periods
3 during 2009, and

4 “(ii) 5 percent for purposes of deter-
5 mining inflation-adjusted wages for periods
6 during 2010.

7 “(2) WAGES.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), the term ‘wages’ means,
10 with respect to any calendar year, so much of
11 wages (as defined in section 3121(a)) as does
12 not exceed the median household income in the
13 United States for the preceding calendar year.

14 “(B) RAILWAY LABOR.—In the case of re-
15 muneration subject to the tax imposed by
16 3201(a), the term ‘wages’ means, with respect
17 to any calendar year, so much of compensation
18 (as defined in section 3231(e)) as does not ex-
19 ceed the median household income in the
20 United States for the preceding calendar year.

21 “(f) SPECIAL RULES.—

22 “(1) ADJUSTMENTS FOR CERTAIN ACQUISI-
23 TIONS, ETC.—

24 “(A) ACQUISITIONS.—If, after December
25 31, 2008, an employer acquires the major por-

tion of a trade or business of another person (hereinafter in this subparagraph referred to as the ‘predecessor’) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section for any calendar year ending after such acquisition, the amount of wages deemed paid by the employer during periods before such acquisition shall be increased by so much of such wages paid by the predecessor with respect to the acquired trade or business as is attributable to the portion of such trade or business acquired by the employer.

“(B) DISPOSITIONS.—If, after December 31, 2008—

“(i) an employer disposes of the major portion of any trade or business of the employer or the major portion of a separate unit of a trade or business of the employer in a transaction to which subparagraph (A) applies, and

“(ii) the employer furnishes the acquiring person such information as is necessary for the application of subparagraph (A),

1 then, for purposes of applying this section for
2 any calendar year ending after such disposition,
3 the amount of wages deemed paid by the em-
4 ployer during periods before such disposition
5 shall be decreased by so much of such wages as
6 is attributable to such trade or business or sep-
7 arate unit.

8 “(2) CHANGE IN STATUS FROM SELF-EM-
9 PLOYED TO EMPLOYEE.—If—

10 “(A) during 2009 or 2010 an individual
11 has net earnings from self-employment (as de-
12 fined in section 1402(a)) which are attributable
13 a trade or business, and

14 “(B) for any portion of the succeeding cal-
15 endar year such individual is an employee of
16 such trade or business,

17 then, for purposes of determining the credit allow-
18 able for a taxable year beginning in such succeeding
19 calendar year, the employer’s aggregate wages for
20 2009 or 2010, as the case may be, shall be increased
21 by an amount equal to so much of the net earnings
22 referred to in subparagraph (A) as does not exceed
23 the median household income in the United States
24 for 2009 or 2010, as the case may be.

1 “(3) CERTAIN OTHER RULES TO APPLY.—Rules
2 similar to the following rules shall apply for pur-
3 poses of this section:

4 “(A) Section 51(f) (relating to remunera-
5 tion must be for trade or business employment).

6 “(B) Section 51(k) (relating to treatment
7 of successor employers; treatment of employees
8 performing services for other persons).

9 “(C) Section 52 (relating to special rules).

10 “(4) SHORT TAXABLE YEARS.—If the employer
11 has more than 1 taxable year beginning in 2010 or
12 2011, the credit under this section shall be deter-
13 mined for the employer’s last taxable year beginning
14 in 2010 or 2011, as the case may be.

15 “(g) TAX-EXEMPT EMPLOYERS TREATED AS TAX-
16 PAYERS.—Solely for purposes of this section and section
17 6402, employers exempt from tax under section 501(a)
18 shall be treated as taxpayers.”.

19 (b) DENIAL OF DOUBLE BENEFIT.—Subsection (a)
20 of section 280C of such Code is amended by inserting
21 “36B(a),” before “45A(a)”.

22 (c) CONFORMING AMENDMENTS.—

23 (1) Section 1324(b)(2) of title 31, United
24 States Code, is amended by inserting “36B,” after
25 “36A,”.

1 (2) The table of sections for subpart C of part
2 IV of subchapter A of chapter 1 of such Code is
3 amended by inserting after the item relating to sec-
4 tion 36A the following new item:

“Sec. 36B. Credit for increasing employment.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2009.

8 (e) NOTICE OF AVAILABILITY OF CREDIT.—The Sec-
9 retary of the Treasury shall work with the State Employ-
10 ment Security Agencies to inform businesses of the avail-
11 ability of section 36B of the Internal Revenue Code of
12 1986 (as added by this Act).

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